

GM Gets OK For New China Plant

The Associated Press

SHANGHAI (AP) — General Motors Co. has won approval from environmental authorities in central China for a new \$1.1 billion assembly plant, though the company says it has not yet decided on the plan.

The go-ahead by the Hubei Environmental Protection Bureau, seen Friday in a notice posted on its website, is just one approval among many that would be required for such a large project.

The 7 billion yuan (\$1.1 billion) vehicle assembly plant would have an eventual annual capacity of 300,000 vehicles, the notice said.

GM's office in Shanghai did not comment directly on the project Friday, but issued a statement saying the company would make "sustainable plans" for expanding production capacity based on market conditions, and would share details "at a proper time."

Shanghai GM, a venture with state-owned automaker SAIC, has four vehicle manufacturing plants in China, two of which are currently undergoing expansion.

Sales of GM-branded vehicles by the company and its Chinese partners rose 8.3 percent in 2011 to a new record of 2.5 million vehicles.

Like many foreign automakers operating in the world's biggest vehicle market, the company has at times strained to meet fast-growing demand.

Many automakers are in the midst of ramping up capacity in China in anticipation of future growth, though sales have slowed sharply in the past year. Last year, sales totaled 18.5 million vehicles, up only 2.5 percent from the year before and far below the double-digit increases of previous years.

Industry reports put the amount of unused capacity at about 6 million vehicles last year, with total production capacity expected to climb to over 31 million vehicles within the next few years.

The government announced late last year it was ending policies aimed at encouraging foreign investment in China's auto sector, excluding new energy vehicles.

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